

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 229241

62

ORIGIN EB-07

INFO OCT-01 EA-07 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 L-03 /045 R

DRAFTED BY EB/FTD:AJWILLIAMS:HM

APPROVED BY EB/FTD:AJWILLIAMS

USDA - GAREN RATHELL (SUBS)

USDA - KEN STEPHENS(SUBS)

EA/K - PMAYHEW (SUBS)

----- 126532

P 252137Z SEP 75

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL PRIORITY

LIMITED OFFICIAL USE STATE 229241

E.O. 11652: N/A

TAGS: ETRD, KS

SUBJECT: COTTON CONTRACTS

1. FOLLOWING IS TEXT OF LETTER DATED SEPTEMBER 24, 1975 FROM KENNARD O. STEPHENS, DIRECTOR, EXPORT PROGRAMS DIVISION, COMMERCIAL EXPORT PROGRAMS, USDA TO MR. SUN-KI LEE, ASSISTANT MINISTER FOR ECONOMIC COOPERATION, EPB. ORIGINAL OF LETTER GIVEN TO MR. BONG SOO HAHN FOR DELIVERY TO LEE.

2. QUOTE DEAR MR. LEE: IN RESPONSE TO YOUR REQUEST OF SEPTEMBER 17, 1975, WE ARE HAPPY TO ADVISE THAT THE FINAL 10 MILLION DOLLARS OF THE 175 MILLION DOLLARS LINE OF CCC CREDIT IS NOW AVAILABLE. WE ARE PREPARED TO ARRANGE FOR REGISTRATION OF COTTON SALES IN LINE WITH THE PROCEDURE OUTLINED IN YOUR LETTER OF ASSURANCES DATED APRIL 16, 1975.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 229241

WE ARE NOT, HOWEVER, ABLE TO PROVIDE ANY ADDITIONAL CREDIT FOR THE OUTSTANDING BALANCE OF PERIOD II SALES ON ANNEX A. THE BUDGET FOR CCC CREDIT IN FISCAL 1976 IS FULLY COMMITTED AND WE HAVE BEEN UNABLE TO CONSIDER ANY REQUESTS SINCE AUGUST 6, 1975. WE HAVE NO IDEA WHEN OR IF WE WILL BE ABLE TO OBTAIN ADDITIONAL FUNDS. WHILE WE ARE OPTIMISTIC, WE EXPECT THAT ANY INCREASE WILL BE SMALL.

IT MUST BE RECOGNIZED THAT WE HAVE ALREADY COMMITTED NEARLY 30 PERCENT OF OUR EXISTING BUDGET TO FINANCING OF COTTON, WHEAT AND TALLOW TO KOREA. THIS IS MORE THAN 4 TIMES THAT PROVIDED TO ANY OTHER COUNTRY. FURTHER, WE HAVE REQUESTS FROM OTHER COUNTRIES TALLING MORE THAN 4 BILLION DOLLARS ON WHICH WE ARE UNABLE TO ACT AT PRESENT.

IN VIEW OF THESE DIFFICULTIES WE MUST URGE THAT YOUR GOVERNMENT MAKE EVERY EFFORT TO PROVIDE OR TO LOCATE PRIVATE FINANCING FOR THE ESTIMATED 45 MILLION DOLLARS OF ANNEX A CONTRACTS NOT COVERED BY CCC CREDIT. WE BELIEVE THAT IT IS CURRENTLY POSSIBLE TO OBTAIN PRIVATE FINANCING AT INTEREST RATES SOMEWHAT HIGHER THAN THE 2 PERCENT OVER THE LIBAR RATE THAT YOUR GOVERNMENT HAS SET AS A CEILING. AS YOU KNOW, THE NAC--WHICH MUST CONCUR IN ANY ADDITIONAL CCC CREDIT--IS UNDER THE IMPRESSION THAT THE U.S. GOVERNMENT WOULD PROVIDE 175 MILLION DOLLARS AND THE KOREAN GOVERNMENT THE BALANCE

TO OPEN UP LATTERS OF CREDIT ON ALL ANNEX A CONTRACTS. WITH THE EXTENSION OF THIS FINAL 10 MILLION DOLLARS IN FINANCING, THE U.S. GOVERNMENT COMPLETES ITS OBLIGATION.

WE DEEPLY APPRECIATE THE CONSCIENTIOUS EFFORT OF THE GROK TO DATE TO LIVE UP TO THE ASSURANCES, DESPITE THE VERY FORMIDABLE PROBLEMS ENCOUNTERED. WE SINCERELY HOPE THAT YOU WILL BE ABLE TO PROVIDE OR OBTAIN SUFFICIENT FINANCING FOR THE STILL OUTSTANDING PERIOD II CONTRACTS AND THAT WE WILL BE ABLE TO OBTAIN ADDITIONAL FUNDS TO SUPPLEMENT YOUR EFFORTS TO TAKE CARE OF SALES MADE AFTER THESE COVERED BY THE ASSURANCES. UNQUOTE. KISSINGER
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 229241

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COTTON, SALES, CREDIT, DEBT REPAYMENTS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 25 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE229241
Document Source: CORE
Document Unique ID: 00
Drafter: AJWILLIAMS:HM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750333-0486
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750914/aaaaamga.tel
Line Count: 107
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUL 2003 by ShawDG>; APPROVED <18 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COTTON CONTRACTS
TAGS: ETRD, KS
To: SEOUL
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006